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REDACTED - FOR PUBLIC INSPECTION

VIA OVERNIGHT DELIVERY

July 1, 2014

Received & Inspected

JUL 2 - 2014

FCC Mail Room

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

RE: **REQUEST FOR CONFIDENTIAL TREATMENT** - *Connect America Fund*, WC Docket No. 10-90;
Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42

Request that Information Submitted to the Commission be Withheld from Public Inspection Pursuant to 47 C.F.R. §0.459 and 5 U.S.C. §552(b)(4): Five-Year Service Quality Improvement Plan included in FCC Form 481

Confidential Financial Information - Subject to Protective Order in WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Before the Federal Communications Commission

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Brazos Telephone Cooperative, Inc. (the Cooperative), Study Area Code 442041, is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket Nos. 10-90 and 11-42. The Cooperative, by its authorized representative, hereby requests confidential treatment of two attachments to its FCC Form 481: (1) the five-year service quality improvement plan and (2) the financial annual report, both of which were redacted in the ECFS submission. The request for confidential treatment of the five-year plan is being made pursuant to section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA). The request for confidential treatment of the financial annual report is being made pursuant to the FCC's November 16, 2012 *Protective Order* in WC Docket No. 10-90 *et al.* These attachments contain competitively sensitive data that Brazos Telephone Cooperative, Inc. maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Cooperative.

No. of Copies rec'd 0 + 1
List ABCDE

Ms. Marlene Dortch
July 1, 2014
Page 2

Five-Year Service Quality Improvement Plan

Pursuant to section 0.459 of the Commission's rules and Exemption 4 of FOIA, Brazos Telephone Cooperative, Inc. requests that the text and data extracted from its five-year service quality improvement plan be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Cooperative keeps confidential. Public availability of this information would have a substantial negative impact on the Cooperative.

In accordance with section 0.459 of the Commission's rules, the following information is provided in support of this request:

- (1) Identification of the specific information for which confidential treatment is sought:

Attachment to Line 112 of FCC Form 481 - Five-Year Service Quality Improvement Plan. Specifically, confidential treatment is sought for all information in the five-year plan related to the Cooperative's access line counts, existing broadband capabilities, and its network investment plans through 2019 that will improve service quality for its customers.

- (2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

The information was submitted in WC Docket Nos. 10-90 and 11-42 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form. Section 100 of FCC Form 481 requires incumbent local exchange carriers receiving high cost support to attach a five-year service quality improvement plan, pursuant to 47 C.F.R. §§54.202(a)(1)(ii) and 54.313(a)(1).

- (3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

The five-year service quality improvement plan contains granular information on the Cooperative's access line counts and existing broadband capabilities as well as detailed plans for financial investments in its network through 2019 to improve service to subscribers. This is closely guarded, privileged information that the Cooperative does not make publicly available.

- (4) Explanation of the degree to which the information concerns a service that is subject to competition:

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more wireless Internet service providers. Most RLECs also face competition from at least one other wireline broadband provider such as a larger cable company, who will typically seek to "cherry pick" the lower cost portions of the study area. In addition, all RLECs face competition throughout their territories from satellite broadband providers.

Ms. Marlene Dortch
July 1, 2014
Page 3

(5) Explanation of how disclosure of the information could result in substantial competitive harm:

Disclosure of the information contained in the five-year plan would provide competitors with detailed, granular information regarding the Cooperative's access line count, its existing broadband capabilities, and its strategic plans for network investments. This would give competitors invaluable confidential information with which to develop their own strategies for investing in the service area, thereby bringing substantial competitive harm to the Cooperative.

(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Cooperative has continually treated the extracted information in its five-year plan as confidential and carefully controls the information to protect it from competitors. Access to the information is limited to employees that require it and to non-employees with confidentiality obligations such as lenders, consultants, auditors, and attorneys. In addition, when such information is required to be submitted to a state regulatory authority it has been filed as confidential information, not available to the public.

(7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The redacted information in the five-year plan is not available to the public, and third party access is limited as described in (6) above.

(8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

The Cooperative requests that the extracted information be withheld from public inspection indefinitely. Although the information reflects the Cooperative's service improvement plans for a five year period, it would provide a very useful baseline for competitors for several years beyond that period.

(9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

Financial Annual Report

Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier receiving high cost support to attach a full and complete annual report of the Cooperative's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Brazos Telephone Cooperative, Inc. seeks confidential treatment of its financial annual report pursuant to the November 16, 2012 *Protective Order* in WC Docket No. 10-90, et al.¹ The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

¹ *Connect America Fund et al.*, WC Docket No. 10-90 et al., *Protective Order*, DA 12-1857 (rel. Nov. 16, 2012).

Ms. Marlene Dortch
July 1, 2014
Page 4

Brazos Telephone Cooperative, Inc. is providing to the Office of the Secretary, under seal, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

Each page of the five-year service quality improvement plan confidential submission bears the legend, "CONFIDENTIAL - NOT FOR PUBLIC DISCLOSURE."

Each page of the financial annual report confidential submission bears the legend, "CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

Two copies of the Form 481 filing in redacted form and an accompanying cover letter are also being provided with the confidential filing. Each page of the redacted filing and accompanying cover letter is marked "REDACTED - FOR PUBLIC INSPECTION."

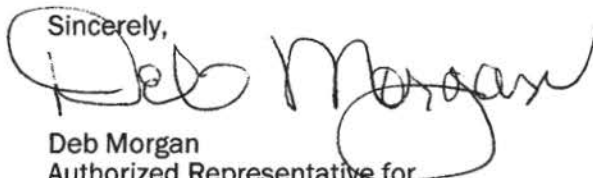
Two copies of this cover letter and the Form 481 filing with the confidential information are also being delivered to Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau.

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as an attachment to the FCC Form 481.

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Deb Morgan". The signature is fluid and cursive, with the first name "Deb" and last name "Morgan" clearly distinguishable.

Deb Morgan
Authorized Representative for
Brazos Telephone Cooperative, Inc.

DM/pjf

Enclosures

cc: Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau,
Federal Communications Commission, (2 hardcopies of non-redacted submission)

Mr. Lonnie Rue, Brazos Telephone Cooperative, Inc.
Mr. Ted Scobee, Brazos Telephone Cooperative, Inc.

FCC Form 481 - Carrier Annual Reporting Data Collection Form		OMB No. 3045-0047
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<010> Study Area Code	442041
<015> Study Area Name	BRAZOS TEL COOP INC
<020> Program Year	2015
<030> Contact Name: Person USAC should contact with questions about this data	Ted Scobee
<035> Contact Telephone Number: Number of the person identified in data line <030>	9405647341 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	tscobee@brazosnet.com

Received & Inspected

JUL 2 - 2014

FCC Mail Room

FCC Form 481 - Carrier Annual Reporting Data Collection Form	
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<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input type="checkbox"/>	<input type="checkbox"/>
<310> Detail on Attempts (voice)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<input type="checkbox"/>	<input type="checkbox"/>
	(attach descriptive document)		
<320> Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330> Detail on Attempts (broadband)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<input type="checkbox"/>	<input type="checkbox"/>
	(attach descriptive document)		
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<410> Fixed	0.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<420> Mobile		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440> Fixed	0.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<450> Mobile	0.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<510> <div style="border: 1px solid black; height: 40px; width: 100%;"></div>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<610> <div style="border: 1px solid black; height: 40px; width: 100%;"></div>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	(if yes, complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010> <div style="border: 1px solid black; height: 40px; width: 100%;"></div>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)?	(if not, check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<1110>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet			
<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**(100) Service Quality Improvement Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazosnet.com
<110>	Has your company received its ETC certification from the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
<111>	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

- <112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

442041tx112.pdf

Name of Attached Document

Please check these boxes below to confirm that the attached documents(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets
 <114> Report how much universal service (USF) support was received
 <115> How (USF) was used to improve service quality
 <116> How (USF) was used to improve service coverage
 <117> How (USF) was used to improve service capacity
 <118> Provide an explanation of network improvement targets not met in the prior calendar year.

(200) Service Outage Reporting (Voice)
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazosnet.com

[illegible]

<010>	Study Area Code	442041
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<711>

[illegible]

(800) 661-1111
Data Collection, Inc.

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazosnet.com

<810>	Reporting Carrier	Brazos Telephone Cooperative, Inc.
<811>	Holding Company	
<812>	Operating Company	Brazos Telephone Cooperative, Inc.

<813>

[illegible]



<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazosnet.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select (Yes, No, NA)

(1100) No terrestrial backhaul reporting

Data collection form

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazosnet.com

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G) ☐



<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazosnet.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP www.brazosnet.com/telephone

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

(2000) IP Access to Broadband and High-Speed Networks

Data Collection Form

Including: Price Cap Carrier, Broadband Service, and High-Speed Networks

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazosnet.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010> 2nd Year Certification {47 CFR § 54.313(b)(1)} ☐

<2011> 3rd Year Certification {47 CFR § 54.313(b)(2)} ☐

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

<2012> 2013 Frozen Support Certification ☐

<2013> 2014 Frozen Support Certification ☐

<2014> 2015 Frozen Support Certification ☐

<2015> 2016 and future Frozen Support Certification ☐

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification Support Used to Build Broadband ☐

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017> 3rd year Broadband Service Certification ☐

<2018> 5th year Broadband Service Certification ☐

<2019> Interim Progress Certification ☐

<2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☐

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

130001 Rate of Return Service Quality Plan	
Data Collection Period	

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazosnet.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

- (3010) Progress Report on 5 Year Plan
Milestone Certification [47 CFR § 54.313(f)(1)(i)]

Name of Attached Document Listing Required Information

- (3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☐

- (3012) Community Anchor Institutions [47 CFR § 54.313(f)(1)(ii)]

Name of Attached Document Listing Required Information

- (3013) Is your company a Privately Held ROR Carrier [47 CFR § 54.313(f)(2)]
(3014) If yes, does your company file the RUS annual report

(Yes/No) ☒ ☒
(Yes/No) ☒ ☒

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

- (3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) ☐
(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

- (3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

- (3018) If the response is no on line 3014, is your company audited?

(Yes/No) ☒ ☒

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

- (3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications ☒
(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☒
(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit. ☒

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

- (3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, ☐
(3023) Underlying information subjected to a review by an independent certified public accountant ☐
(3024) Underlying information subjected to an officer certification. ☐
(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

- (3026) Attach the worksheet listing required information

442041tx3026.pdf

Name of Attached Document Listing Required Information

Organization - Reporting Carrier	0445
Date of Report Form	05/29/2015

<010> Study Area Code	442041
<015> Study Area Name	BRAZOS TEL COOP INC
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035> Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazosnet.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer: ext.	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Reporting Carrier: Agent / Carrier:	442041
Reporting Carrier:	BRAZOS TEL COOP INC

<010> Study Area Code	442041
<015> Study Area Name	BRAZOS TEL COOP INC
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035> Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	tscoobe@brazosnet.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Deb Morgan</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	Deb Morgan
Name of Reporting Carrier:	BRAZOS TEL COOP INC
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 07/01/2014
Printed name of Authorized Officer:	Lonnie Rue
Title or position of Authorized Officer:	CEO
Telephone number of Authorized Officer:	9405645659 ext.
Study Area Code of Reporting Carrier:	442041 Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	BRAZOS TEL COOP INC
Name of Authorized Agent or Employee of Agent:	Deb Morgan
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 07/01/2014
Printed name of Authorized Agent or Employee of Agent:	Deb Morgan
Title or position of Authorized Agent or Employee of Agent:	Manager Business Compliance
Telephone number of Authorized Agent or Employee of Agent:	5126537705 ext.
Study Area Code of Reporting Carrier:	442041 Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

Data Collection Form

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscoobe@brazosnet.com

<701> Residential Local Service Charge Effective Date
<702> Single State-wide Residential Local Service Charge

1/1/2014

<703>

[illegible]

<010> Study Area Code 442041

<015>	Study Area Name	BRAZOS TEL COOP INC
-------	-----------------	---------------------

<020>	Program Year	2015
-------	--------------	------

<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
-------	---	------------

<035> Contact Telephone Number - Number of person identified in data line <030> 9405647341 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> tscobee@brazosnet.com

95

42

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[illegible]

LINE 112 - FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN

Following is the initial five-year service quality improvement plan for Valliant Telephone Company, Inc. ("Valliant" or "the Company") pursuant to 47 C.F.R. § 54.202(a)(1)(ii) that requires an eligible telecommunications carrier (ETC) to describe proposed improvements or upgrades to the ETC's network throughout its service area. The *USF/ICC Transformation Order* establishes a public interest obligation for rate-of-return ETCs to provide broadband service at speeds of at least 4 Mbps downstream and 1 Mbps upstream (4:1) "upon reasonable request." A service quality improvement plan cannot project where in the service area reasonable requests will be made. However, the proposed network expenditures in this plan ensure the continuation of high-quality voice and broadband services within the Company's service territory.

Although this plan is a good faith effort by the Company, it is subject to change, given the uncertainty faced by ETCs regarding whether capital investments will be recoverable over the five year planning horizon. Factors that may affect the capital improvements plan include erosion of the customer base due to competition, alternative technologies, economic conditions in the service area, and unpredictable changes in the universal service support amounts an ETC receives.

Valliant owns and operates three exchanges serving subscribers in the southeastern Oklahoma. The service area includes portions of Chocktaw, McCurtain, and Pushmataha counties. The Company's service area covers approximately 222 square miles.

Baseline Network Description



Table 1 - Current Broadband Capabilities

Exchange Name	Total Square Miles	Total Existing Access Lines	Estimated Total Population Served	Broadband Capable Lines	Estimated Broadband Capable Population	% Broadband Capable

2014 – 2019 Service Quality Improvement Plan

Table 2 provides Valliant's intended service quality improvements and associated capital expenditures for 2014 – 2019, by exchange, along with estimates of the population that will be served by the improvements.

Table 2 – Service Quality Improvement Plan

Exchange	Description of Improvement	2014	2015	2016	2017	2018	2019	Estimated Population Served by Improvements
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Narrative Description: 2014 - 2019

[REDACTED]

[REDACTED]

[REDACTED]

LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

Brazos Telephone Cooperative, Inc. complies with applicable service quality standards and consumer protection rules as required by the state regulatory commission and the Federal Communications Commission.

The rates, terms, and conditions under which the Cooperative operates are outlined in its Local Exchange Tariff, which is approved by the state commission. The Cooperative's tariff contains provisions regarding its customer service and protection practices, including resolving disputes with the Cooperative, applying for service, the classification of business and residential rates, deposits, billing and payment for service, refusal, disconnection and cancellation of service. The tariff is available for customer review in the Business Office, as requested. Rates and terms of service are disclosed to customers upon application for service both verbally and in writing as part of a packet of information for new customers. Rates, applications and certain terms of service are also available on the Cooperative's website.

Service quality standards are established by the state commission and the Cooperative consistently meets or exceeds the standards and provides reports to the state commission, in accordance with the state commission's rules.

The protection of customers' privacy and information is of utmost importance and the Cooperative has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Cooperative's compliance with CPNI rules and a description of the Cooperative's operating procedures that ensure compliance are filed at the FCC annually.

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Brazos Telephone Cooperative, Inc. is able to function in emergency situations. The Cooperative has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Cooperative is able to reroute traffic around damaged facilities. Although the Cooperative's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

LINE 1010 - VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services is \$46.96, which includes the federal subscriber line charge ("SLC").¹

In the exchanges served by Brazos Telephone Cooperative, Inc. ("the Cooperative"), the highest single-line residential local rate, including any mandatory extended area service charge, is \$22.43. When the federal SLC (\$6.50) and the state universal service fee (\$.83) are included, the rate becomes \$29.76. Therefore, the Cooperative's pricing of fixed voice services is less than the reasonable comparability benchmark of \$46.96.

¹ *Wireline Competition Bureau Announces Results of Urban Rate Survey for Voice Services; Seeks Comment on Petition for Extension of Time to Comply With New Rate Floor*, WC Docket No. 10-90, DA 14-384 (rel. Mar. 20, 2014), p. 2.

Independent Auditor's Report

**The Board of Directors
Brazos Telephone Cooperative, Inc.
Olney, Texas**

We have audited the accompanying consolidated financial statements of Brazos Telephone Cooperative, Inc., which comprise the balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brazos Telephone Cooperative, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, management has elected to change its policy for accounting for the investment in cellular entities in 2013. Our opinion is not modified with respect to that matter.

Curtis Blahely & Co, P.C.
Longview, Texas

April 4, 2014

BRAZOS TELEPHONE COOPERATIVE, INC.
CONSOLIDATED BALANCE SHEETS
December 31

Assets		
	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash and cash equivalents	\$	
Temporary investments		
Accounts receivable		
Accrued unbilled revenue		
Materials and supplies		
Prepaid income taxes		
Other prepayments		
Deferred income taxes		
Total Current Assets		
Property, Plant, and Equipment:		
Plant in service		
Plant under construction		
Total Property, Plant, and Equipment		
Less: Accumulated depreciation		
Net Property, Plant, and Equipment		
Investments and Other Assets:		
Investment in cellular entities		
Other investments		
Deferred charges		
Total Investments and Other Assets		
Total Assets	\$	

(The accompanying notes are an integral part of these consolidated financial statements.)

BRAZOS TELEPHONE COOPERATIVE, INC.
CONSOLIDATED BALANCE SHEETS
December 31

Liabilities and Equities		2013	2012
Current Liabilities:			
Current maturities of long-term debt	\$		
Accounts payable			
Accrued income taxes			
Accrued taxes			
Accrued interest			
Accrued compensated absences			
Other accrued liabilities			
Customer deposits			
Total Current Liabilities			
Long-Term Debt, Less Current Maturities:			
CoBank mortgage notes			
Other Liabilities and Deferred Credits:			
Deferred income taxes			
Accrued postretirement benefits			
Total Other Liabilities and Deferred Credits			
Members' Equities:			
Memberships			
Patronage capital assigned			
Patronage capital assignable			
Accumulated other comprehensive income:			
Unrecognized postretirement benefit costs			
Total Equities			
Total Liabilities and Equities	\$		

(The accompanying notes are an integral part of these consolidated financial statements.)

BRAZOS TELEPHONE COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31

	<u>2013</u>	<u>2012</u>
Operating Revenues:		
Local network services	\$	
Network access services		
Long distance network services		
Internet revenue		
Miscellaneous		
Less: Uncollectible recoveries (revenues)		
Total Operating Revenues		
Operating Expenses:		
Plant specific operations		
Plant nonspecific operations		
Depreciation and amortization		
Customer operations		
Corporate operations		
Long distance expenses		
Internet expenses		
Other operating expenses		
Total Operating Expenses		
Operating Taxes:		
Income taxes		
Other operating taxes		
Total Operating Taxes		
Operating Margin		
Nonoperating Margin:		
Interest and dividend income		
Cellular entities' distributions		
Other nonoperating expense		
Income taxes		
Total Nonoperating Margin		
Margin Before Interest Charges		
Interest Charges:		
Interest expense		
Capitalized interest		
Total Interest Charges		
Net Margin	\$	

(The accompanying notes are an integral part of these consolidated financial statements.)

BRAZOS TELEPHONE COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31

	<u>2013</u>	<u>2012</u>
Net Margin	\$	
Other Comprehensive Income:		
Postretirement health plan benefits:		
Actuarial gain (loss) arising		
Reclassification of prior year comprehensive income		
amounts included in current year net income		
Comprehensive Income	\$	

(The accompanying notes are an integral part of these consolidated financial statements.)

BRAZOS TELEPHONE COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the Years Ended December 31

	<u>Memberships</u>	<u>Patronage Capital Assignable</u>	<u>Patronage Capital Assigned</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
Balance, January 1, 2012 as Previously Reported	\$				
Prior Period Adjustment, Change in Accounting Principle					
Balance, January 1, 2012 as Restated					
Patronage Capital Assigned					
Net Margin					
Actuarial Gain (Loss) Arising					
Amounts Reclassified From Accumulated Other Comprehensive Income					
Memberships Refunded					
Retirements					
Balance, December 31, 2012					
Patronage Capital Assigned					
Net Margin					
Actuarial Gain (Loss) Arising					
Amounts Reclassified From Accumulated Other Comprehensive Income					
Memberships Refunded					
Retirements					
Balance, December 31, 2013	\$				

(The accompanying notes are an integral part of these consolidated financial statements.)

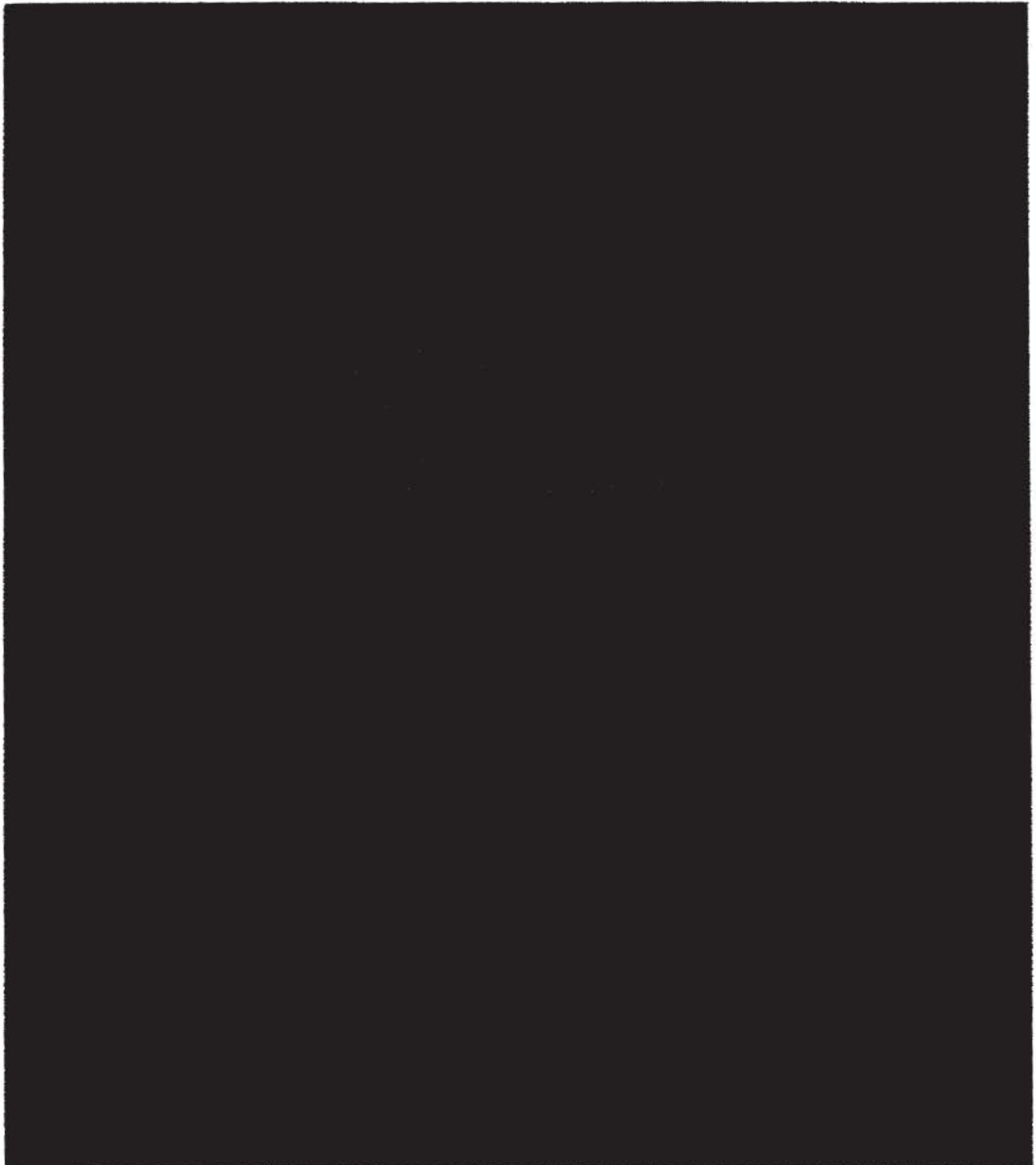
BRAZOS TELEPHONE COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Net margin	\$	
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation and amortization		
Patronage capital certificates received		
Loss on disposal of equipment		
Change in assets and liabilities:		
Accounts receivable		
Prepays and deferred charges		
Deferred tax assets		
Accounts payable and accruals		
Deferred tax liabilities and deferred credits		
Total Adjustments		
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities:		
Capital expenditures		
Proceeds from sales of assets		
Change in temporary investments		
Net Cash Provided by (Used in) Investing Activities		
Cash Flows from Financing Activities:		
Payments of long-term debt		
Proceeds from cushion of credit		
Memberships refunded		
Patronage capital retired		
Net Cash Used in Financing Activities		
Net Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Year		
Cash and Cash Equivalents at End of Year	\$	

(The accompanying notes are an integral part of these consolidated financial statements.)

BRAZOS TELEPHONE COOPERATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 1 – Summary of Significant Accounting Policies:



BRAZOS TELEPHONE COOPERATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 1 – Summary of Significant Accounting Policies: (continued)



BRAZOS TELEPHONE COOPERATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 1 – Summary of Significant Accounting Policies: (continued)



BRAZOS TELEPHONE COOPERATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 1 – Summary of Significant Accounting Policies: (continued)



BRAZOS TELEPHONE COOPERATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 1 – Summary of Significant Accounting Policies: (continued)



Note 2 – Accrued Unbilled Revenue:



Note 3 – Income Taxes:



BRAZOS TELEPHONE COOPERATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 3 – Income Taxes: (continued)



Note 5 – Investment in Cellular Entities:



Note 6 – Other Investments:

Other investments are stated at cost and contain the following:

2013

2012



BRAZOS TELEPHONE COOPERATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 6 – Other Investments: (continued)



Note 7 – Long-Term Debt:



Note 8 – Employee Benefits:

Savings Plan



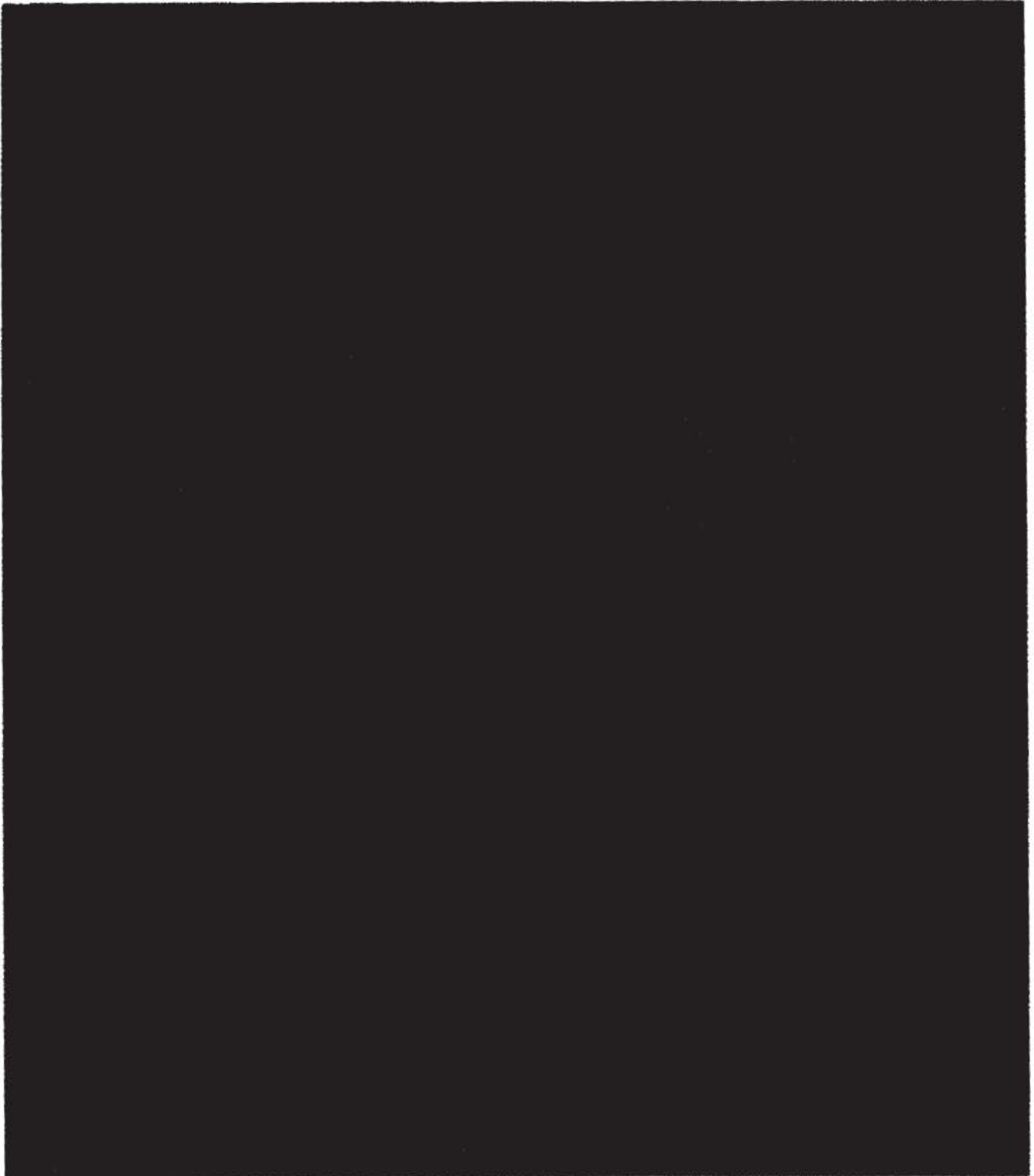
BRAZOS TELEPHONE COOPERATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 8 – Employee Benefits: (continued)



BRAZOS TELEPHONE COOPERATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 8 – Employee Benefits: (continued)



BRAZOS TELEPHONE COOPERATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 9 – Additional Cash Flow Information:



Note 10 – Financial Instruments:



Note 11 – Commitments and Contingencies:



BRAZOS TELEPHONE COOPERATIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 11 – Commitments and Contingencies: (continued)



Note 12 – Change in Accounting Principle:



Note 13 – Reclassification Out of Accumulated Other Comprehensive Income:

